



TEXAS REAL ESTATE COMMISSION

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PRESS RELEASE

TEXAS REAL ESTATE COMMISSION CONTINUES TO EXPLORE COMPLEX ISSUES

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FOR IMMEDIATE RELEASE:

Wednesday, January 13, 1999

"Important issues of complexity," is how Texas Real Estate Commission (TREC) Chairman Jay Brummett describes new business practices involving "after-the-fact" referral fees and real estate advertising over the Internet. "It is significant," Chairman Brummett said, "that the Commission is taking a careful and deliberative look at both of these concerns in order to take appropriate action to protect consumers, as well as oversee high legal standards for licensed brokers. These matters are providing uncharted legal and ethical territory that TREC must adequately address without over-regulating new and different means of conducting business." His comments followed the Commission's meeting on Monday, January 11th, at which detailed discussions occurred regarding regulatory policies that are needed in response to new real estate business approaches and techniques.

Commissioners continued to fine tune their proposed rule governing real estate advertising by way of the Internet. This proposed rule is based on existing TREC rules governing advertising by print or broadcast, which includes a required disclosure of license status in ads placed by brokers or salespersons. An effort is being made to clearly define how disclosure information should be displayed on Internet pages, and under what circumstances Internet communications actually constitute advertising. Without setting standards for real estate advertising, consumers may be at risk from advertising that is deceptive, misleading, or misrepresents information regarding the sale of property or other real estate business activities. A revised proposal will be reviewed at the next Commission meeting on February 22nd.

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“After-the-fact “ referral fees are being increasingly demanded by corporations, affinity groups, or others who specialize in providing relocation or related real estate services to consumer clients. Such fees are often demanded from individual brokers who are not aware that their client had previously dealt with relocation or other real estate specialty firms before establishing an individual contractual arrangement. This raises legal and ethical questions that can have a significant impact upon prospective commissions that would normally be received by the broker. During Monday’s meeting, Commissioners decided to continue its review of the issue, including any new information from the Association of Real Estate License Law Officials (ARELLO) which is also considering the issue from a nationwide perspective.

Further deliberation is being planned regarding a proposed limit on the number of times an applicant may take real estate licensing examinations within a specified time. A potential legislative proposal is being considered that would provide the authority for imposing limits on the number of real estate licensing exams taken; and/or requiring that certain types of education criteria be met by applicants who repeatedly fail to pass their initial tests. With appropriate statutory authority, TREC could then create rules to specifically establish waiting periods or other conditions that must be met before an individual may reapply for examination.

In other action, Commissioners gave final approval to streamlining reporting requirements for attendance at mandatory real estate continuing education (MCE) courses. The number of forms handled and processed will be reduced by doing away with individual computer scanned course completion cards currently filled out by each student. Individual forms will be replaced with a single roster signed by all attendees and then submitted by the MCE provider to TREC. Required use of the new roster forms will become effective March 1, 1999.

Commissioners also appointed three individuals to the Texas Real Estate Inspector Committee to fill expiring terms effective February 1, 1999. Newly appointed inspectors are Mr. Jim Havens of Houston, and Mr. Fred Buck from San Antonio. Current Inspector Committee Chairman, Larry Foster of Austin, was reappointed. All appointments were made for six year terms.